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G. William Frick  
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David J. Guzy  
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**American Petroleum Institute Comments on MMS Advance  
Notice of Proposed Rulemaking, "Valuation of Oil from  
Federal and Indian Leases", 60 FR 65610 (December 20,  
1995)**

Dear Mr. Guzy:

API regularly participates in MMS rulemaking, including rulemaking relating to oil and gas valuation for royalty purposes. However, the pendency of several oil valuation-related litigations severely limits API's ability to offer comments at this time on the MMS' December 20, 1995 advance notice of proposed rulemaking on valuation of crude oil. This litigation involves many API members and addresses most of the issues raised in the MMS notice. Moreover, the litigation is in the initial stages of discovery, and resolution may not take place in the foreseeable future.

As to the use of negotiated rulemaking, API believes negotiated rulemaking could play an important role in any oil valuation rulemaking as it did in the pending gas valuation rulemaking. However, the litigation-related constraints on API's submission of comments apply equally to participation in an even less formal regulatory negotiation.

API believes many other parties essential for any oil valuation rulemaking and related negotiated rulemaking are situated similarly to API. Accordingly, API urges the MMS to withdraw the pending oil valuation ANPR and suspend rulemaking to a later and more appropriate time when all essential parties are free to participate.

Sincerely,

G. William Frick